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ABSTRACT

California's community college system has depended heavily on property taxes, which have been reduced almost 60% by the recent Jarvis-Gann amendment. A statewide study sought some indication of responses to these constraints that might occur in community colleges. Summaries of budget reductions and other actions taken were compiled in 1978 for six community colleges varying in age of institution, total enrollment, geographic locale, and sources of financial support. These summaries indicate that the colleges' major responses were general budget reductions across all programs and activities. Four of the colleges experienced budget reductions ranging from 3.8% to 11.05%; two managed small increases in annual budget. Where reductions were insufficient, colleges cut community-service activities, eliminated evening and weekend classes, spent excess reserves, or deferred major expenditures for maintenance or compliance with federal regulations, e.g., handicapped access provisions. The result, for the present, is roughly the same mix and level of services, although convenience of offerings and college autonomy have been reduced. As salaries will have to increase and state support and enrollments will probably stabilize or decline, it is likely that colleges will have to further reduce services or charge tuition. (Author/DB)

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Center for Educational Research at Stanford

Institute for Research on Educational Finance and Governance

SCHOOL OF EDUCATION STANFORD UNIVERSITY

Program Report No. 79-B6

COMMUNITY COLLEGES AND BUDGET REDUCTION

Gregory A. Jackson*

February 1979

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COMMUNITY COLLEGES AND BUDGET REDUCTION

Abstract

The Jarvis-Gann amendment to the California constitution cut property taxes by almost sixty percent. The state's community-college system, the largest and among the oldest in the country, depends heavily on property taxes, and consequently faces a constrained future. This study sought some indication of the responses these constraints would bring. Based on six case studies, in the late Summer of 1978, colleges' major responses appear to have been general cuts across all programs and activities. Where these were insufficient, colleges often cut community-service activities, eliminated weekend or evening classes, spent excess reserves, or deferred major expenditures for maintenance or compliance with legal obligations. The result, for the present, is roughly the same mix and level of services, although convenience and flexibility have been reduced. The future looks much bleaker: salaries, now effectively frozen by state law, will have to increase; state support in lieu of property taxes will stabilize or decline; and enrollments will also stabilize or decline. In these circumstances colleges will either have to reduce the services they provide or, as the concluding analysis in this paper suggests, seek legislative permission to begin charging moderate tuition.

Acknowledgments

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This past spring Howard Jarvis and Paul Gann urged California voters to "send 'em a message." The vehicle Jarvis and Gann devised was Proposition 13, limiting property taxes to roughly 40 percent of previously expected levels and regulating increases closely. Voters complied by voting for Proposition 13 in record numbers, and the message -- "you'll have less money, so spend less" -- has led to widespread cutbacks in public services.

But the message of Proposition 13 is ambiguous. In the case of community colleges, "spend less" can entail reductions in all course offerings, or in a particular sort of course offering; a larger workload for a reduced number of employees; appeals to new funding agencies, such as the state or local foundations; or fees for service. The aggregate response of the community - college system to this vote will depend in large part on the changes individual colleges make. These specific changes, in turn, will depend on the "message" the individual colleges heard, on the constituent pressures they felt, and on the way they each chose to develop a response.

Community colleges in California started as extensions of high schools in the early part of this century. By 1917 sixteen school districts operated "postgraduate" divisions. In subsequent years these divisions became "junior colleges", their numbers increased, and their emphasis and governance changed. Today community colleges provide not only introductory college work, as the

postgraduate divisions of high schools did, but also vocational training, leisure-oriented activities, and community services. Community-college districts no longer must be part of high-school districts, and they receive local and state monies according to different formulas. The 70 public community - college districts in California, comprising over 100 colleges, enrolled about 1.3 million students in 1976-77,of whom about 55 percent were day students, 26 percent studied full-time,and 85 percent took degree-credit courses. These last were about 72 percent of all undergraduate degree-credit college students in California. The community colleges spent about 1.2 billion dollars in fiscal 1977, or somewhat less than $1600 per full-time-equivalent student.[1] Historically, California community colleges have charged residents no tuition, drawing their revenue about equally from state (apportionment) and local (tax) sources. By limiting the amount of revenue available from local property taxes, Proposition 13 therefore forced a change in the financing of California's community colleges.

The specific implications of Proposition 13 for fiscal 1979 became clear in late June of 1978, when the Legislature enacted SB 154. This "bailout" bill has provided community colleges additional state funds partially to offset property-tax reductions. The bill allowed each college to collect taxes subject to Jarvis-Gann limitations, and required each college to spend one third of its reserves beyond five percent of the operating budget. In return, it provided community colleges 260 million dollars from the state surplus. This is enough to bring the total revenues of the community college system -- reduced taxes, reserves, state per-capita apportionment, and special state appropriations -- to between 85 and 90 percent of the expected total for fiscal 1979 (this "expected total" was based on 1978 revenues adjusted for inflation). The bill also prohibited cost-of-living increases in salaries. Colleges were free to make whatever expenditure cuts they thought necessary, within some

broad guidelines; they were also free to spend more than the required sum from reserves. Colleges which had excess revenues in fiscal 1978 or which had and were willing to spend additional reserves fared relatively well under this plan; those which had planned for continued growth in property-tax revenues suffered the most.

To make a timely assessment of the message's implications (and to guide a more detailed search for its impact later), I undertook six case studies of institutional response. This paper reports on those case studies. First, I will outline the situation and reactions at each college, disguising institutional identities somewhat. Some generalities are apparent in these outlines, and I will discuss these in the second section. Third, I will consider a somewhat larger question: Do these generalities signal a move toward or away from the mainstream of community colleges nationally? In any case, the colleges' reactions will have some impacts, and I will assess these in the concluding section.

Interviews at the colleges took place in late August, when the thrust of changes (if not the line-by-line detail) was clear. The institutions represent the various contexts in which community colleges operate: large and small cities, suburbs of varying affluence, and rural areas.[2] The timing of my survey restricted data to administrators' projections of the actions their colleges would take. Although these projections had been set down in the institutional budgets each institution filed with the state in early August, there was no way to check their accuracy. Thus these case studies must be read not as descriptions of actual events but rather as one group's expectations of events to come. Presumably time will bring the opportunity to test the predictions.

Before considering the cases, it is worth considering what actions community colleges might have contemplated. Four general categories come to mind: reductions in activities, reductions in costs, increased income, and temporary fund

reallocation. I will discuss these in order, and then return to the cases at hand.

Activities. Community colleges provide several services, including academic courses, general-education courses, vocational or semiprofessional training, leisure-oriented instruction (such as arts and crafts), and community services (such as lectures, film series, or subsidized facilities). Colleges might choose to eliminate a particular sort of service, or to curtial it drastically.

Costs. Rather than curtail or eliminate a service, colleges might try to reduce the costs of providing roughly the same mix and level of services. They could do this in several ways: by increasing class size, perhaps by consolidating sections and threby reducing faculty requirements; by persuading faculty to teach more subjects, perhaps reducing the need for ad hoc part-time faculty; by increasing the number of students who can be reached by a given unit of instruction, for example by recording or televising lectures; or by reducing expenditures on benefits or operations not directly related to instruction, such as supplies, library acquisitions, professional travel, and so on. There is, of course, a more general (if unpopular and perhaps infeasible) way to reduce costs: pay faculty less.

Income. Community colleges in California currently derive virtually all their income from governmental sources, although the current mix includes more state funding than before. This income could be increased in a variety of ways: by inducing governments to spend more, for example through a federal program or a selective repeal of Proposition 13; by soliciting funds from private sources, such as foundations, community-college graduates, or wealthy (perhaps corporate) advocates of community colleges; by imposing fees for specific services; or, in the extreme, by charging tuition.

Reallocation. Most community-college expenditures are recurring and not deferrable, such as utility charges, bond payments, and most salaries. Others occur once and can be deferred or canceled at will, such as construction or the development of new programs. A third class of expenditure can be deferred, but only to a limited extent: large-scale maintenance, such as painting or re-roofing, is an example of this, as are some expenditures prescribed by law. Finally, some expenditures are budgeted to deal with unforeseen circumstances, either within a given budget year or in the future. These expenditures, often called an "operating reserve," can certainly be omitted from a budget, but whether this constitutes deferral of a required expenditure is difficult to say.

None of these actions is free of adverse consequences. But different actions have consequences for different constituencies. From the current administrator's perspective, for instance, there is much to be lost from reducing the scope of community-college activities: reduction in services would, from an incremental perspective, constitute reduction in importance and influence. From this perspective either cuts in costs or increases in income would be preferable. Cost cutting is likely to please a second constitutency, taxpayer-clients, who presumably wish the services they desire to be provided at a minimal cost. However, to a third constituency, student-clients, neither increases in income nor reductions in costs have much appeal: the former are likely to involve tuition, making attendance more costly, the latter to make attendance less convenient or to reduce the quality of instruction. Finally, staff and faculty can find little satisfaction in cost cutting, which is likely to mean more work and fewer perquisites, or in activity cutting, which is likely to eliminate jobs. The one action which appears to hurt no current constituents is temporary fund reallocation; however, this action has adverse consequences for the future members of all constituencies, since it leads to further budget constraints in the future.

Why might one expect a community college to select a particular collection of responses to Proposition 13? The answer presumably lies in the decision-making process which governs each institution's response. If that process considers various constituencies, then the response should comprise a mixture of actions; if it considers only one or two constituencies, the reaction may be more focused. Unfortunately, careful analysis of this question must await better data: I was not able to observe decision processes directly, and the pattern of responses is only suggestive.

But speculation can nevertheless prove productive. The major impetus for Proposition 13 came from taxpayer-clients, while at most of the colleges in the sample cutback planning was by administrators. One would expect such a situation to favor cost cutting, and in fact this is the predominant reaction I found. However, although one would also expect such an alliance to suggest income-increasing actions, I found few such and observed much hostility toward tuition. This may merely suggest that tuition has other effects beyond increasing income, a point to which I will return. There is one other problem with this simplistic analysis of decision processes: temporary fund reallocations were common among the colleges in the sample, suggesting decision makers had little stake in the future. This suggestion makes little sense. I have, in sum, enough information to speculate about decision-making, but not enough to analyze it; on, therefore, to the cases.

Reaction to Reduction: Six Cases

Table 1 gives some information about the six colleges in the sample. Cabernet College is relatively new, while Chenin College is among the oldest colleges in the system. The city colleges, Sauvignon and Zinfandel, are largest, followed closely by surburban Cabernet. The colleges also vary in their use of part-time faculty, in the extent of their non-credit offerings, in their collective-bargaining status, and in the condition of their physical plant. Not

TABLE 1. Institutional Characteristics

ROW		Cabernet	Chenin	Pinot	Sauvignon	Sirah	Zinfandel
1.	year founded	1958	1920	1970	1961	1969	1935
2.	number in district	2	1	5	1	3	1
3.	locale	wealthy suburb	rural	poor suburb	small city	middle suburb	large city
	enrollment						
4.	total	18,918	7,322	8,078	19,032	8,206	25,349
5.	credit	16,347	7,322	8,078	19,032	8,206	25,349
6.	full-time	4,076	2,083	4,332	3,098	2,095	9,073
7.	% black	0.9	3.0	44.9	4.3	11.7	12.2
8.	mexican-american	4.4	18.6	4.6	3.9	11.8	13.3
9.	asian-american	4.3	16.2	7.1	1.9	5.1	28.4
10.	minority	14.0	39.1	57.7	10.6	29.5	54.4
	faculty						
11.	full-time/fte (%)	74.9	94.9	n/a	91.5	81.5	95.2
12.	full-time/total	50.1	81.0	n/a	72.4	68.8	83.0
13.	salaries/total budget	43.6	40.1	43.4	44.7	48.1	56.8
	finance						
14.	budget fy1978	13.4	8.6	5.5	23.5	7.8	27.0
15.	1979	13.7	8.8	5.3	22.0	7.3	24.0
16.	% change	+2.0	+2.1	-3.8	-6.4	-7.2	-11.1
	support sources						
17.	local tax	31.8	62.1	39.1	57.4	67.7	49.1
18.	state apport.	51.9	20.8	43.2	25.8	15.3	41.8
19.	non-resident tuition	1305	1380	1080	1429	1395	1080
20.	expenditures per ADA ("student")	1603	1643	1596	1543	1585	1195

Notes to Table 1 - by row

In each case, statistics are the most recent available.

4-6 Fall 1977, from Department of Finance, tables 1 and 2.

7-10 based on full-time students in 1974, from Office of Civil Rights, table 1.

11-12 based on 1972 data from National Center for Educational Statistics, Number of Employees ..., table 2

13 for districts in 1977, from Cory, table 13.

14-16 from our interviews.

17-18 for districts in 1977, from Cory, table 13.

19 for 1978-79 academic year, from college catalogs.

20 for districts in 1976-77, from Board of Governors, Fiscal Data ..., table VII-1

surprisingly, their reactions to the cutbacks vary as well.

Cabernet College (table 2a). This institution, one of two colleges in its district, occupies a site surrounded by some of the wealthiest suburbs in the state. The architecture of its campus, occupied in 1961, is renowned. There are two off-campus centers in other suburbs nearby, both of which offer mostly non-credit courses for which fees may be charged.

Cabernet had intended to raise its expenditures by about 15 percent for fiscal 1979 in order to accomodate inflation and an 8 percent increase in demand. Instead, under SB 154 the fiscal 1979 budget was about the same as the 1978 budget (in current dollars). After a series of meetings to discuss general policies for cutbacks, the Cabernet administration and faculty agreed to protect enrollment and the permanent payroll so far as possible. Therefore, Cabernet reduced its budget by deferring maintenance and several planned facilities; by curtailing telephone, travel, and supply spending; and most important by cutting part-time faculty and staff positions. In addition, the college consolidated some of its offerings -- usually class size -- so that, for example, the number of summer course sections dropped by 45 percent while summer-course enrollment dropped only 30 percent.

The effect of the reaction by Cabernet College is to maintain activities while increasing the workload of permanent, full-time faculty and staff and deferring non-instructional expenditures. Increasing workloads helps mitigate long-term budget reductions. Deferring major non-instructional expenditures, in particular maintenance and compliance with federal regulations requiring facilities for women and the handicapped, creates larger budget requests in the future. Officials at Cabernet clearly expect future state requirements to differ from those of SB 154, and therefore hope to keep the college operating with as few fundamental changes as possible until long-term requirements become clear.

TABLE 2A

Summary of Budget Cuts
at
Cabernet College

Budget for 1977-78	$13,419,442
Budget for 1978-79	$13,687,942
Percentage Change	+2.0%

Actions Taken

1) Expenditures for budget for fiscal year 1977-78 reduced beginning in March and April, balance carried forward to the 1978-79 budget;

2) Full-time certified staff vacancies left unfilled;

3) Planned new programs postponed indefinitely;

4) Plans for new athletic field cancelled;

5) All capital expenditures for new acquisitions of equipment and supplies reduced;

6) Some planned maintenance deferred;

7) Handicapped access plan cancelled;

8) Repair and replacement of current equipment reduced;

9) Professional travel budget cut;

10) Student health service and campus center fee doubled;

11) Part-time certified and classified staff cut;

12) Athletic travel budgets reduced;

13) Vacancies due to sabbatical leaves filled with part-time instructors;

14) Summer session budget cut.

Possible Future Action

1) Parking fees will probably be charged starting sometime during fiscal year 1978-79.

Chenin College (table 2b). This college was established at the time that junior colleges existed as the thirteenth and fourteenth grades of high schools. It offers courses at its main campus,[a] relatively new facility occupying 50 acres in the downtown section of an agricultural center; at a 140-acre agricultural facility; and to a limited extent at nearby towns and military bases. The college also runs a regional vocational-technical center with four other community colleges.

For several years, Chenin has been levying taxes at the maximum rate permitted by law, transferring a substantial part of these revenues to a reserve fund (about one million dollars per year out of a budget totalling about eight million dollars), and then designating a substantial portion of these reserves for specific purposes, such as future construction. These actions dovetailed nicely with the budget forumla in SB 154, which called for the fiscal 1979 budget to be 85 percent of the revenues the college would have realized with its pre-reform tax base. Since for Chenin these projected revenues included a large amount the college was planning to transfer to reserves, and since most existing reserves were protected from the state's 5 percent limit, by simply reducing its contribution to reserves Chenin was able to maintain and in fact slightly increase its operating budget for fiscal 1979.

Despite this good fortune, Chenin is cutting its expenditures substantially. First, it is eliminating a large number of part-time faculty positions devoted to evening instruction, and asking its full-time faculty to take on part of this task. Second, it is cutting many expenses peripheral to instruction, such as travel and professional fees. Third, it has postponed several new programs indefinitely. For the future, Chenin is considering some special fees (such as for parking), some reductions in course offerings, particularly where enrollments are low, and some non-salary instructional cuts, such as reduced library acquisitions. The striking difference between Chenin College and Cabernet College is,

TABLE 2B

Summary of Budget Cuts
at
Chenin College

Budget for 1977-78	$8,595,757
Budget for 1978-79	$8,778,344
Percentage Change	+2.1%

Actions Taken

1) Full-time certified staff vacancies unfilled;

2) Sabbatical committments honored, but vacancies not filled;

3) Several part-time coaching jobs consolidated or eliminated;

4) Athletic travel restricted drastically;

5) Professional travel and association membership funds cut;

6) Part-time instructional staff cut;

7) Regular full-time instructors assigned to more evening classes, to compensate part-time instructor cuts;

8) Summer session budget and offerings cut;

9) Community services cut;

10) Evening program offerings reduced;

11) Planned new programs postponed indefinitely.

Possible Future Actions

1) Parking fees, but plans do not call for this during fiscal year 1978-79;

2) Instructional program cuts;

3) Learning resources (e.g., library acquisitions) budgets will probably be cut next year.

however, Chenin's decision not to postpone maintenance or other non-instructional expenditures. In addition, because of Chenin's accumulated reserves it can consider construction projects Cabernet feels obligated to postpone.

Pinot College (table 2c). This institution, located in a relatively poor suburban area, is the newest college in the sample. It offers courses at its own campus, a rather stark 62-acre complex, and at a nearby airport. Unlike Cabernet and Chenin, Pinot College's district includes several other colleges. Also unlike the first two colleges, the staff of Pinot (and its district office) spent a great deal of time planning for possible revenue cuts.

Since it is relatively young, Pinot College never experienced the phenomenal growth which guided so many colleges' planning efforts during the nineteen-sixties. In addition, its faculty were not organized for collective bargaining nor, according to some reports, did they seriously consider theimplications of tax limitation before the enactment of Proposition 13. This meant that the major cuts proposed to balance the fiscal 1979 budget -- reducing salaries for 1979 summer instruction to an hourly rate, thereby saving about 50 percent of usual summer funds -- was implemented without reducing summer offerings. Beyond this cut, Pinot has met its reduced budget by curtailing non-instructional expenses such as long-distance calls, travel, and so on; by leaving vacancies unfilled absent special circumstances; by reassigning some duties to increase productivity and eliminate overtime; and by deferring maintenance. Future actions might include some staff reduction beyond attrition, increased use of part-time instructors, and further attention to faculty workloads. These measures, plus a contribution from district reserves amounting to just less than three percent of the operating budget, will make the 1979 Pinot budget 3.9 percent smaller than its 1978 counterpart.

TABLE 2C

Summary of Budget Cuts
at
Pinot College

Budget for 1977-78	$5,492,300
Budget for 1978-79	$5,283,624
Percentage Reduction	3.87

Actions Taken

1) Stricter control of long-distance phone calls;
2) Reduced spending on supplies as well as on new and replacement equipment;
3) Athletic programs reduced;
4) Vacancies not filled except when essential;
5) Summer session expenditures for 1978 reduced;
6) Personnel transfers;
7) Elimination of travel allowances;
8) Elimination of overtime pay;
9) No more students from outside the district;
10) Sabbaticals "temporarily suspended;"
11) Course offerings in the evening reduced.

Possible Future Actions

1) Personnel dismissed;
2) Increases in faculty loads;
3) More part-time hourly instructors;
4) Secretarial pools;
5) Physical education and transportation fees.

Sauvignon College (table 2d). Sauvignon College was founded in the early nineteen-sixties, when college enrollments were growing rapidly. It offers courses at its main campus, in the downtown of a small city; at another campus in a nearby agricultural valley; and at several high schools. It is also planning to open a large vocational-technical center. The main campus includes academic buildings, athletic fields, a large auditorium, and even a planetarium. Sauvignon also has a special building providing facilities for physically handicapped students.

Sauvignon had not planned a large budget increase for fiscal 1979, but due to uncertainty about future revenues the college chose to set aside a substantial part of the reduced fiscal 1979 budget -- almost seven percent -- as a reserve. Thus the operating budget for fiscal 1979 is about 13 percent smaller than the fiscal 1978 budget. To meet this constraint, the college is reducing expenditures in virtually all major categories to some degreee. Like Pinot College, faculty salaries for summer 1978 were paid on an hourly basis, reducing them considerably. However, in contrast with Pinot summer offerings were also reduced, by about half. Although full-time faculty are not being fired, neither are they being replaced, except in special circumstances. Part-time faculty and staff positions are being reduced, in most cases by attrition.

The major budget cut involves community services. Sauvignon College had been spending about one million dollars in this area, largely by providing and publicizing special events and by subsidizing community use of the college auditorium. Most of these services have been eliminated, and fees for the auditorium have been increased to cover costs. The college also is deferring maintenance, and has cut expenditures for library acquisitions, travel, professional meetings, and supplies.

TABLE 2D

Summary of Budget Cuts
at
Sauvignon College

Budget for 1977-78	$23,484,452
Budget for 1978-79	$21,973,732
Percentage Reduction	6.43%

Actions Taken

1) Trying to build a financial reserve as a cushion against the second year under Jarvis-Gann;

2) Summer session 1978 cut -- faculty paid on prorata basis; classes of less than 30 cancelled;

3) Three of five operations at nearby high schools will be cut;

4) Community services budget has been cut heavily;

5) Plans for an FM radio station as part of the mass communication program have been cut;

6) Special classes requested by community groups will not be held unless cancellations of regular classes make then possible;

7) Vancancies due to resignations and retirement will not be filled unless essential;

8) Support services cut;

9) Part-time faculty cut;

10) Full-time faculty cut;

11) Planned parking lot repairs cut;

12) Plans to resurface building roofs dropped;

13) Library acquisitions, periodicals, and media services cut;

14) Faculty-development program has been cut;

15) Travel and field trip money cut;

16) Money for conference attendance cut;

17) Building maintenance deferred;

18) Some contracts for classified employees cut from 12 to 10 months;

TABLE 2D

19) Evening classes cut;

20) Budget for supplies and equipment reduced;

21) Fixed contractual expenditures reduced.

Possible Future Actions

1) Plans for a technical-vocational building may be dropped;

2) Charging a parking fee;

3) Possible charging of other student fees for materials or a late registration.

Sauvignon College differs from the others in the sample in its intention to increase reserves. Since SB 154 required that colleges spend one third of their reserves beyond five percent of the operating budget, most colleges plan to reduce reserves to the five-percent level quickly. Sauvignon officials believe that next year's bailout bill (SB 154 applies only to fiscal 1979) will not confiscate reserves, and therefore see reserve accumulation as a way to live with whatever cuts the legislature prescribes for 1980.

Sirah College (table 2e). This institution is nine years old. However, the district in which is is situated was established in the nineteen-twenties, as was Chenin College. The college offers courses only at its campus, located on the poorer edge of the county-wide district. The campus comprises about ten relatively modern buildings and several athletic fields.

In contrast to Sauvignon College, Sirah College is attempting either to designate accumulated reserves for specific purposes, so that they escape the state's five-percent limitation on general reserves, or to spend them. The district plans to spend virtually all of its reserves during fiscal 1979 to maintain operations, its assumption being that future legislation will, like SB 154, reduce state allocations to the extent districts have reserves. However, even with this policy Sirah College must cut expenditures to about 93 percent of fiscal 1978 levels. The cuts extend across most parts of the college, including staff reduction through attrition, a small summer session, suspension of community-service programs, and general cuts in travel, utilities, professional activity, and so on. Unlike most other colleges in the sample, Sirah College has not deferred maintenance, in large part because this was a use for which accumulated reserves could be designated. Unlike Pinot College, which also comes from a multi-campus district, Sirah College will realize some savings from program consolidations across the district. Most plans for future cuts, should they prove necessary, involve further

TABLE 2E

Summary of Budget Cuts
at
Sirah College

Budget for 1977-78	$7,816,300
Budget for 1978-79	$7,257,500
Percentage Reduction	7.2%

Actions Taken

1) Summer session clases cut;

2) More cooperation and consolidation of programs with the other two colleges in the district;

3) Fewer classes with small enrollments or in "nice-to-do things;"

4) Community service programs suspended;

5) Sabbatical leaves cancelled;

6) Vacant positions not filled unless absolutely essential;

7) Cuts in utilities;

8) Money for classified hourly employees cut;

9) Supplies budget cut;

10) Travel money cut;

11) Money for educational conference attendance cut;

12) Money for professional memberships and dues cut.

Possible Future Actions

1) The three individual college libraries in the district may be consolidated into one;

2) The three colleges themselves may be consolidated into one;

3) The three colleges may be made practically autonomous.

consolidation of programs and perhaps of libraries or institutions.

As one might suspect from the above, the general approach to budget reduction in Sirah College was apparently specified at the district level rather than at the college level. This may be because the district for about forty years consisted of one institution (not Sirah). In any case many officials at Sirah say the college has little autonomy in dealing with cut-backs, which is quite different from the feeling of officials at Pinot and Cabernet Colleges and those from districts comprising a single institution.

Zinfandel College (table 2f). This college serves a large city which also boasts a unit of the state-college system and several private institutions. By all measures, is the largest institution in the sample. Zinfandel dates to the nineteen-thirties, and was originally founded by the city's unified school district. The campus was first occupied in 1940 when enrollment totalled 3,200 students; construction during subsequent years has increased the college's capacity to its current level.

As table 1 demonstrates, Zinfandel College differs from others in several ways other than its size. First, it employes a higher proportion of full-time faculty than the others. Interestingly, the only other college employing a similar proportion of full-time faculty is Chenin, which is at the opposite end of the urban-rural continuum. Second, Zinfandel College spends a larger portion of its budget on instructional salaries than any other college in the sample. The college also serves a very diverse community, offering the full range of academic and vocational programs plus several ethnic - studies specializations and a large number of evening and Saturday classes.

Although the total budget cut at Zinfandel College is the largest in my sample, both absolutely and proportionally, the specific cuts resemble those at other institutions. Vacancies in general are not being filled, and some part-time and temporary positions, both instructional and non-instructional,

TABLE 2F

Summary of Budget Cuts
at
Zinfandel College

Budget for 1977-78	$27 million
Budget for 1978-79	$24 million
Percentage Reduction	11.1%

Actions Taken

1) Elimination of $5 million worth of "cushions;"
2) Vacancies not filled except when essential;
3) Concert and lecture series has been eliminated;
4) No hourly compensation for faculty sponsors of student clubs
5) Programs in mastery learning cut back;
6) Construction of amphitheater cancelled;
7) Plans for remodeling and alterations scrapped;
8) Class sections cancelled;
9) Sabbatical leaves cancelled;
10) Cuts in building and grounds maintenance;
11) Personnel transfers;
12) Funding for temporary classified employees cut;
13) Summer session classes eliminated;
14) Some part-time faculty cut;
15) "Overload" taught by some full-time faculty eliminated;
16) Supply budget cut;
17) The budget for new and replacement equipment cut;
18) Plans for converting an empty reservoir into a parking area dropped;
19) Some cuts in utilities.

TABLE 2F

Possible Future Actions

1) Programs have been categorized for future cuts;

2) Increased use of educational technology and "remolding" of instructional delivery system.

have been eliminated. There is no longer pay for sabbatical leaves. Some construction and remodeling has been cancelled, along with some maintenance. Supply budgets and the like have all been reduced, as have funds for community services such as special lectures. The major cuts are twofold: elimination of the 1978 summer session, and elimination of a variety of "cushions" from the planned budget for fiscal 1979. These "cushions" were budget items intended for eventualities rather than planned expenditures; they included a non-allocated faculty position and several expenditure overestimates. College administrators say eliminating these "cushions" saved about five million dollars, almost exactly the difference between the planned budget for fiscal 1979 (29 million dollars) and the final budget after Proposition 13 (24 million).

Reaction to Reduction: General Trends

The preceding sections and the six parts of table 2 suggest that there are some general trends in the reaction by community colleges to cutbacks under Proposition 13. First, colleges clearly formulated their responses in incremental terms. Rather than ask what sort of institution best fills the need for community-college education under the constraints of Proposition 13, the colleges in the sample appear to have asked what changes Proposition 13 required in their current operations. The distinction resembles that between incremental and zero-base budgeting. Second, the changes did not modify the fundamental character of the colleges. There is no clear shift toward or away from a particular sort of activity, nor any major attempt to reconfigure offerings or instruction. Two exceptions to these sweeping statements deserve mention: the near elimination of extensive community-service programs, where they existed, and the move toward classes scheduled during weekdays rather than in the evenings or on weekends. But these exceptions do not change the overall impression: Proposition 13 has not caused funda-

mental reappraisal or change in the community-college system.

This is not to say there have been no changes, or that all colleges have responded the same way. Table 3 illustrates this more clearly. The rows represent various actions one or more colleges took to meet budgetary constraints, and the columns indicate whether each college took the action in question. Without exception vacancies are being left unfilled, redundant class offerings are being reduced, and support services are being cut, so that fewer instructors (and less money) are producing only slightly less instruction. This is the basis for my earlier assertion: whoever influenced the cutback decisions found cost-cutting attractive.

None of the colleges in the sample is considering the widespread adoption of fees. I hasten to point out that doing so would violate the current Education Code: public colleges in California now may charge only for "non-credit" courses offered outside the usual curricula and for a few other purposes, such as parking or health insurance. Many officials nevertheless expect the state eventually to require tuition charges. Others disagree, but all say that imposing tuition would change the basic nature of the community-college system. Some colleges intend to charge new parking, health, or athletic fees, or to reclassify some courses as "non-credit" so that they may charge for them.

The most striking part of the colleges' reactions to cutbacks, as I suggested earlier, is their extensive deferral of expenditures for maintenance, compliance, and reserves. Upon reflection, such actions are not surprising; they may represent the easiest way for administrators to buy time before making difficult decisions. Such deferrals can reduce substantially the budget for a fiscal year, only to increase a subsequent budget even more substantially. Some staff-related cutbacks (such as eliminating sabbaticals or reducing summer pay) may have similar effects through later collective -

TABLE 3

Budget Cuts: Summary

College / Action	CABERNET	CHENIN	PINOT	SAUVIGNON	SIRAH	ZINFANDEL
leave vacancies unfilled	X	X	X	X	X	X
reduce full-time staff				X	X	X
reduce part-time staff	X	X		X	X	X
defer maintanance	X		X	X		X
defer planned construction	X		N/A	*		X
cut supplies and equipment	X	X	X	X	X	X
deplete reserves	X	X	X		X	X
cut summer session	X	X	X	X	X	X
eliminate summer session					X	X
cut community service	X	X	X	X	X	X
eliminate community service	X		X		X	X
eliminate many courses						
eliminate extra class meetings or increase class size	X	X	X	X	X	X
impose or anticipate new fees	X	X	X	X		

Legend

X	Yes
(blank)	No
*	Maybe
N/A	Not applicable

bargaining agreements. Deferrals imply either that college officials have no stake in the future or that they see cutbacks as temporary and appropriately met, like a drought, with temporary measures.

In sum, the community colleges in my sample (and there is no reason to think them unrepresentative) seem to be decreasing their costs; reducing the extent of their instructional services, in convenience and to a lesser extent in substance; reducing their flexibility, both by limiting or eliminating reserves and by increasing their dependence on full-time and/or tenured faculty; and betting that the future will bring relief from the effects of Proposition 13 rather than enforcement of its message.

Reaction to Reduction: Divergence or Convergence?

Before assessing the impact of these reactions, there is some insight to be had from a larger context. Although these colleges' budget cutbacks were induced by a novel political occurence, they are not exceptional when one considers community colleges in other states. In 1977 McGuire surveyed directors of public community colleges in the fifty states and Puerto Rico, asking them wherther funding was increasing, decreasing, or stable. Of the thirty-nine states responding, only eleven reported an increase in funding, while seven reported a decrease in funds and twenty-one reported stability. As McGuire points out, stable funding in an inflationary period constitutes a cut in real funding, particularly if enrollments are increasing as they were in many of the states. These results suggest that the problem facing California community colleges in not unique.

McGuire also asked for more information about institutions facing stable or declining resources, specifically "...what have two-year colleges done to respond to financial limitations?" (McGuire, p. 15). The most frequent responses are in table 4. Two of three actions most often mentioned -- reducing noninstructional expenses and increasing student/teacher ratios --

are remarkably similar to the attempts by California colleges to reduce costs. A third popular response -- increasing part-time faculty -- is the opposite of what I observed. Faced with cutbacks, California community colleges appear to have reduced dependence on part-time faculty, while many other states in similar circumstances reduced dependence on full-time faculty. One explanation for this may be California institutions' willingness to tenure part-time faculty, thereby decreasing the flexibility such faculty represent in other states. Another explanation may be the simultaneous attempt to cut costs: even when faced with increased workloads or reduced benefits, a full-time faculty member has little recourse other than resignation; the part-time faculty member may simply be able to rearrange time commitments so as to reduce or eliminate his or her reliance on community-college teaching. Thus cost cutting is likely to cause less attrition among full-time faculty than among part-time faculty. Table 4 provides some support for this argument: among the eight states which increased part-time faculty, only three also increased workload (as measured by the student/teacher ratio).

The items next most frequently mentioned in McGuire's survey -- eliminating programs and restricting the development of new programs -- also are similar to actions taken or anticipated by colleges in my sample. In many respects, then, the California events merely replicate earlier occurences in other states, whatever their cause. This is not to trivialize them; indeed, as McGuire points out,

> ...several of these methods will instigate change in the mission and structure of two-year colleges. The "open door" is threatened. Similarly threatened are the existence of high-cost occupational programs and the ability of the colleges to react to newly discovered educational needs in their communities (p. 19).

Many of the presidents and superintendents we interviewed expressed precisely these thoughts.

TABLE 4

Reactions to Decreasing or Stabilized Financial Support

State	Increase part-time faculty	Reduce noninstructional expenses	Increase S/T ratio	Limit enrollments	Increase local funds	Eliminate programs	Restrict new-program development	Allocate resources to lobbying
Arizona					X			
Arkansas	X		X			X	X	
California					X			
Colorado		X	X					
Connecticut			X		X			
Delaware		X					X	
Florida				X				
Illinois	X	X	X					
Iowa							X	
Kentucky	X							
Maine		X						
Maryland					X			
Massachusetts*			X					X
Michigan*	X	X						
Minnesota							X	
Mississippi			X				X	X
Missouri		X						
Nevada*				X				
New York	X	X	X		X	X		
North Carolina			X			X		
Ohio*	X	X						X
Rhode Island							X	X
South Carolina	X	X		X		X		
Vermont						X		
Virginia	X	X				X		
Wisconsin*					X			
Total	8	10	8	3	6	6	6	4

* These states report decreasing financial support for community colleges.

Note: no data for Nebraska, which reported stable support.

Source: McGuire, Table 2.

The fact that California community colleges now face a situation their counterparts in other states have already faced begs another question: To what extent did the financial base for community colleges in California before Proposition 13 resemble that found in other states, and to what extent was it different? Closely related, to what extent has Proposition 13 moved California community colleges into an unprecedented financial situation, and to what extent has it simply brought them into line with the rest of the country?

Table 5 provides some sketchy data on this point. The rows of the table contain selected financial statistics for public two-year colleges. The first row gives current funds revenues for the fiscal year ending 1976, as reported to the federal government. The next four rows give the percentage of this total that came from various sources. The first column gives these figures for California. Amost eight out of every nine dollars public community colleges spent in California came from government appropriations, mostly (before Proposition 13) roughly equivalent state and local shares. Since California community colleges do not charge fees for most of their services, virtually no funds came directly from students.

It is worth noting in passing that the California pattern of finance -- state and local governments dividing equally most of the financial burden -- characterized most early community colleges across the country. Junior colleges, as they were then called, started as branches of high schools, mostly to provide instruction and thereby free college faculty from time - consuming introductory material. When junior colleges extended their efforts to include vocational preparation, the local-state funding shares continued. As public higher education grew into the systems we know today, states gradually took over the funding of community colleges, replacing direct property taxation with per-capita apportionment or direct appropriation for

TABLE 5. Selected Aggregate Financial Statistics
Public Two Year Colleges
Fiscal Year 1976

	California	New York	Other Far West	Other Middle East	US
Current Funds Revenues ($1,000,000)	1,220	475	313	393	5,017
Source (percent):					
Tuition and Fees	2.1	20.5	11.0	28.0	14.6
Government Appropriations					
Total	86.9	68.9	65.4	54.3	69.0
State	39.9	39.1	52.0	30.7	43.3
Local	43.7	28.9	11.5	22.3	23.3

Source: National Center for Educational Statistics, Financial Statistics ..., table 1

specific or general purposes. California has not followed this trend; rather, both local taxes and state support have grown over the years.

The effects of this divergence are apparent when one compares the first column in table 5, California, with the second, New York. New York's expenditures on public community colleges in 1976 were second only to California's, but while the state share of the total costs was roughly the same (39 versus 40 percent), the share provided by local government in New York was half what it was in California. Tuition revenues in New York made up about three quarters of the difference, the rest coming from a variety of other sources. The third and fourth columns offer further opportunity for comparison: The Far West states excluding California[3] relied for the most part on state appropriations, while the Middle Atlantic states other than New York[4] relied about equally on tuition, state appropriations, and local taxes. In neither region was the local-tax share as large as it was in California (or, for that matter, New York).

These statistics suggest an answer to the question I posed before presenting the table. The financing of community colleges in California before Proposition 13 was strikingly different from that found in other states, even those (like New York) which share with California a commitment to high-quality, public higher education for a wide cross-section of their population. Proposition 13 has moved California community colleges somewhat closer to their counterparts in other states, by reducing dependence on the property tax and increasing dependence on the state (which means dependence on a different form of tax). It has yet to increase the dependence of community colleges on the market (or, from another perspective, has yet to modify that market) by imposing tuition.

Reaction to Reduction: Impact

The national context suggests, a priori, that despite the changes I observed among six institutions in the period following Proposition 13, community colleges have a substantial future in California. But they are moving into a new stage in their development, one in which (1) the state will assume a new, predominant role and (2) students will eventually pay directly for services. In the remainder of this paper I will assess the impact these changes may have: first, the impact of a move toward reduced and state-centered funding; next, the impact of tuition; and finally the impact of deferring essential expenditures.

Funding. Additional state funding might be derived in several ways: by specific appropriation from the general Fund; by the status of some special fund like the Special Education Trust Fund in Alabama, which receives earmarked proceeds from sales taxes; by some method tied to property values, so that the state provides revenues as a local property tax would; or according to enrollment. Each of these presents problems and yields benefits depending on the state of the economy and on enrollment. In a period of growing enrollment, for example, colleges often prefer enrollment-based support. However, in a period of declining enrollment such aid will diminish, and colleges are rarely able to reduce expenditures commensurately. Similarly, when property values are rising funding based on property values can exceed college needs, allowing extensive community service and a wide range of experimental or unorthodox course offerings. These become difficult to support if the tax base shrinks, since they then must compete with other, more traditional programs with established constituencies. The problems and benefits of direct appropriations and of special funds are more difficult to assess, since they are so closely tied to the unpredictable political arena.

Before Proposition 13, California community colleges were funded in part by property taxes and in part by state aid based on enrollment. For fiscal 1979, the "bailout" mechanism of SB 154 substitutes state aid based on these two factors, limited property-tax revenues, and institutional reserves. Judging from funding mechanisms in other states, it is unlikely this will continue for long: most likely local funding will stabilize at its present level, state funding will comprise direct and enrollment-based portions, and excess reserves will be depleted. Enrollment, the key variable in this projected future, typically rises when either (1) the number of potential attenders increases or (2) community colleges become attractive economically, because they provide skills or because they are an alternative to unemployment. According to this analysis community college enrollments in California should not grow, since (1) the traditional college cohort is declining while the non-traditional cohort is fairly stable, and (2) the California economy is prospering, keeping unemployment relatively low and in some cases inducing employers to provide job training (which then competes with community-college vocational instruction). A third reason to expect enrollments to remain stable is that increases in fees or tuition, which I discuss below, can only inhibit enrollment increases.

In addition to its direct effect on finances, state support will almost certainly bring community colleges more central regulation. As one of the officials of a college in the sample pointed out, this is likely to reduce the flexibility community colleges now enjoy.[5] Small classes will be difficult to justify and new ones will have to spend a good deal of time being approved. Writing about the effects of regulation in more general terms, Henderson mentions a more subtle danger:

> ...institutions facing a condition of declining resources and rising external demands tend to retreat into traditional practices. Unless the forces for improvement, innovation, and quality --

> the willingness to take risks -- can be kept alive at the institutional level, the real danger is that the response of state agencies will be greater bureaucratization at the state level. Unfortunately, if this occurs, the result is likely to be further policy development in the areas of inputs and processes (that is, faculty work loads, administrative/faculty relations, and the like), with a consequent reduction in the freedom of individual colleges to utilize resrouces in ways the provide alternative staffing patterns, alternative ways of providing instruction, and better measures of outputs. (p. 33-34)

Thus, to summarize, the effects of a move to state funding are twofold: increased reliance on funding probably tied to enrollment, which is unlikely to grow, and reduced flexibility to innovate or to deal with the divergence between funding and needs. Depending on the specific actions colleges take and the specific rules the state proposes, the consequences for students may range from decreased convenience and responsiveness to increased rigidity and orthodoxy in college offerings.

Despite this rather bleak prediction it is worth noting that public community-college education is far from moribund in other states, even those with strongly centralized funding and administration and with stable or declining resources. The explanation is that (1) community colleges in other states have never been as flexible and responsive as California ones are, and (2) many of these colleges have increased their flexibility by charging for some or all of their services. There is no question that increased state funding will affect California community colleges noticeably. But there is no reason to expect a move to state funding will eviscerate them.

Tuition. Tuition at community colleges is perhaps the most feared consequence of Proposition 13. Currently none of the six colleges in the sample charges any tuition to California residents for credit instruction. This "no tuition" policy symbolizes and, to a lesser extent, makes concrete community colleges' dedication to the "open door" principle that public education is for whoever wishes it. This open door has never stood entirely

ajar: students have had to find the time to study and the money to live while they do so, each requiring savings, loans, financial aid, or help from family or friends. Nevertheless, the lack of tuition has substantial symbolic value, even though instituting such charges would in fact simply increase rather than initiate costs for community-college students. Obviously, tuition would decrease rather than increase enrollment. The magnitude of the symbolic effect of tuition would probably not depend on the specific charge involved, but the magnitude of its economic effect would. Thus I must speculate on what these charges might be.

A non-resident student currently pays between $1,080 and $1,429 to study full time for one year (or $30 to $40 per quarter hour) at the colleges in the sample. Since it would make little sense to charge Californians more, I assume tuition could not exceed this figure. Such tuition approximates the average expenditure per student, and therefore would become the major source of community-college financing. This seems an extreme and unreasonable position. If community colleges wanted to replace the tax revenue they lost under Proposition 13, they would have to impose charges of about $390 yearly per full-time student (or $11 per quarter unit) to replace lost property-tax income for the 1978-79 academic year.[6] The portion of the state subsidy community colleges receive under SB 154 reduces this to $125 yearly or ($3.50 per quarter hour).[7] These do not represent large increases over students' current living and opportunity costs, and they are substantially smaller than charges at public community colleges in many other states. Consequently, these seem reasonable estimates of the tuition community colleges might charge.

What effect might these charges have on enrollment? The economic literature on demand for higher education suggests, with some consistency, that tuition changes of $100 are associated with enrollment-rate changes of

about one percentage point.[8] However, these studies include substantial numbers of high-scoring and affluent students, who are somewhat less responsive than average to the cost of higher education, so the response among prospective community-college students might be somewhat sharper. Most such students are eligible for Basic Educational Opportunity Grants, which would cover about half their expenditures, so the cash increase in costs would probably be between $60 and $200 per year for full-time students.

If the market for seats in community colleges resembled the market for seats in traditional colleges, this increase would entail an enrollment decline of somewhere between two and three percent. But the market for community colleges' services is different: at the very least, it includes a wider variety of individuals. In addition, community colleges often compete with leisure activities rather than work for student's time, and offer their services in varying quantity. To confuse matters further, the research results I cited above involve average tuition charges considerably larger than those California community colleges would probably impose. It is thus difficult to say precisely what economic effect tuition would have on community - college enrollment. Most likely it would entail a one- to two-percent decrease in enrollment, but this is difficult to state with any certainty.

Many of the college officials in the sample expressed a subtle concern about the effects of tuition: that it would dissaude poor students, for whom community colleges were intended. There is some ground for this fear. First, according to the economic studies I cited above poor students are about twice as responsive as the average student to changes in the cost of higher education. Although this is a substantial difference, it hardly constitutes exclusion of poor students. Second, community colleges have symbolized a public commitment to education for those unable to pay, and therefore the symbolic impact of tuition would probably be largest for poor students. Despite this, community

colleges in other states have managed to continue servicing poor students even while charging tuition, often because federal and state aid programs, such as Basic Educational Opportunity Grants and their state counterparts, mitigate the impact of the charges. Thus it is likely that tuition will have an impact on enrollment among the poor, but that this impact will be modest in the long run. There will be somewhat fewer poor students at community colleges, but they will still constitute a substantial portion of the student body.

Expenditure Deferral. This area is the most difficult to analyze, and therefore it is difficult to make any concrete projection. The need for expenditures on maintenance or legal compliance does not disappear when they are deferred. Rather, these expenditures must be made sometime in the future, by which time they will have increased and become non-deferrable. Thus the consequences of deferred expenditures are (1) larger expenditures in future budgets and (2) decreased flexibility. These very much resemble the conditions community colleges currently face under Proposition 13. Consequently, it is probably safe to assert that the consequences of deferring necessary expenditures will be to induce a future round of cutbacks in other areas. Only some form of external aid -- a state program to paint buildings, for example -- can prevent this. Simply continuing to defer these expenditures will eventually lead to degeneration of the physical plant or to judicial intervention in college affairs. In general, then, the effect of deferring expenditures is to compound current problems for some future year.

What, then, will be the consequences of Proposition 13 for the community colleges? My major inference is that the flexibility of community colleges will be reduced, because (1) fewer, less flexible faculty positions will be

available, (2) state regulation will almost certainly be restrictive, and (3) deferrals of necessary expenditures will limit budgets severely in the future. This and the possibility of tuition lead to a second, less definitive inference: enrollments may be somewhat smaller than they might have been, although the short-term loss will probably be larger than the long-term loss. Higher education in California will no longer be available to any student who simply desires it; he or she will have to make some substantive or temporal compromises, and might have to find a small amount of money to pay fees. Moreover, classes will probably be somewhat larger than they have been, and in many cases they will be taught by faculty whose original expertise lay elsewhere. Thus both the accessibility and the quality of community-college instruction will probably diminish somewhat. Given the rather dire predictions which preceded and followed Proposition 13, these seem modest impacts. From the national perspective, it appears a strong, high-quality system of higher education is making minor decremental adjustments to economic and political realities, but none that will change its exemplary role or its fundamental nature.

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FOOTNOTES

1. From Board of Governors, Fiscal Data, tables I-1 and VII-1, and Department of Finance, Enrollment tables 1, 3, 5, and 7. Expenditures per student are actually per attendance ADA, a legally mandated measure of full-time equivalency.

2. My selection was purposive with respect to these differences and otherwise merely convenient. All of the institutions in the sample agreed to participate in the study; their officials were most cooperative and very generous with their time.

3. Alaska, Hawaii, Nevada, Oregon, and Washington.

4. Delaware, Maryland, New Jersey, Pennsylvania, and the District of Columbia.

5. I write here as though flexibility is intrinsically good, a traditional argument now under attack. The opposing argument is simple: public education should serve public purposes, and these are not necessarily met by the programs local administrators develop to serve consumers. To cite the most tired example, courses in macrame may please an individual student, but they do not improve the state in any measurable way. This is , at base, an argument about the correct context and measures for judging the cost and effectiveness of community colleges or, in economic terms, an argument about the correct way to aggregate and translate private returns to public education into social returns. If flexibility allows administrators to diminish the aggregate social returns to public community-college education, then the state should impose regulations which reduce this flexibility and restore those social returns.

6. Local taxes would have yielded community colleges about 640 million dollars in fiscal 1979 had Proposition 13 not passed. The actual yield will be about 60 percent smaller, a deficit of about 384 million dollars. Since there are about one million full-time-equivalent students in community colleges, this is $384 per year per student or, since a full load is 36 quarter units, $10.67 per quarter unit.

7. Here the deficit is reduced by 260 million dollars, the community-college share of the state surplus, to 124 million dollars.

8. Jackson and Weathersby, McPherson, and Cohn and Morgan summarize this research.

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